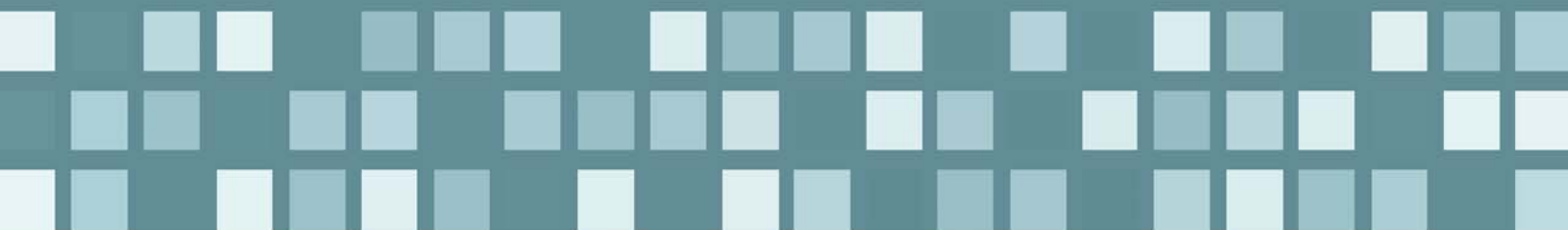


City of Miami Beach, Florida

Single Audit Reports in Accordance With OMB Circular A-133 and
Chapter 10.550, Rules of the Auditor General of the State of Florida
September 30, 2011



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**Independent Auditor's Report
on Internal Control Over Financial Reporting
and on Compliance and Other Matters Based on an Audit
of Financial Statements Performed in Accordance With
*Government Auditing Standards***

The Honorable Mayor and City Commissioners
City of Miami Beach, Florida

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Miami Beach, Florida (the "City") as of and for the year ended September 30, 2011, which collectively comprise the City's basic financial statements and have issued our report thereon dated March 30, 2012. Our report included references to other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Other auditors audited the financial statements of the Visitor and Convention Authority; the Miami Beach Convention Center as managed by Global Spectrum ("Global Spectrum"); the City of Miami Beach Florida Employees' Retirement Plan; the City of Miami Beach Florida Pension Fund for Firefighters and Police Officers; the Firemen's Relief and Pension Fund; and the Policemen's Relief and Pension Fund, as described in our report on the City's financial statements. This report does not include the results of the other auditors' testing of internal controls over financial reporting or compliance and other matters that are reported on separately by those auditors. The financial statements of Global Spectrum, the City of Miami Beach Florida Employees' Retirement Plan; the City of Miami Beach Florida Pension Fund for Firefighters and Police Officers; and the Miami Beach Policeman's Relief and Pension Fund, audited by other auditors, were not audited in accordance with *Government Auditing Standards*.

Internal Control Over Financial Reporting

Management of the City is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the City's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management of the City in a separate letter dated March 30, 2012.

This report is intended solely for the information and use of the Honorable Mayor, the Members of the City Commission, management of the City, the Auditor General of the State of Florida, federal and state awarding agencies and pass-through entities, and is not intended to be, and should not be used by anyone other than these specified parties.

McGladrey LLP

Miami, Florida
March 30, 2012



**Independent Auditor's Report
on Compliance With Requirements That Could Have a Direct
and Material effect on Each Major Program and State Project
and on Internal Control Over Compliance in Accordance
With OMB Circular A-133 and Chapter 10.550,
*Rules of the Auditor General, State of Florida***

The Honorable Mayor and City Commissioners
City of Miami Beach, Florida

Compliance

We have audited the City of Miami Beach, Florida (the "City") compliance with the types of compliance requirements described in the OMB *Circular A-133 Compliance Supplement* and the requirements described in the Department of Financial Services' State Projects Compliance supplement, that could have a direct and material effect on each of the City's major federal programs and each of its major state projects for the year ended September 30, 2011. The City's major federal programs and state projects are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs and state projects is the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; and Chapter 10.550, *Rules of the Auditor General*, State of Florida. Those standards, OMB Circular A-133 and Chapter 10.550, *Rules of the Auditor General*, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program or major state project occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the City's compliance with those requirements.

In our opinion, the City complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs and its major state projects for the year ended September 30, 2011. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and Chapter 10.550, *Rules of the Auditor General*, and which are described in the accompanying schedule of findings and questioned costs as items CF 2011-01, CF 2011-02 and CF 2011-03.

Internal Control Over Compliance

The Management of the City is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs and state projects. In planning and performing our audit, we considered the City's internal control over compliance with requirements that could have a direct and material effect on a major federal program or major state project to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133 and Chapter 10.550, *Rules of the Auditor General*, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program or state project on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program or state project will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies over compliance that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies as described in the accompanying Schedule of Findings and Questioned Costs, as items IC 2011-01 and IC 2011-02. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program or state project that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

The City's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit the City's response and, accordingly, we express no opinion on it.

Schedule of Expenditures of Federal Awards and State Financial Assistance

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City as of and for the year ended September 30, 2011 and have issued our report thereon dated March 30, 2012. Our report was modified to include a reference to other auditors. Our audit was performed for the purpose of forming our opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying schedule of expenditures of federal awards and state financial assistance is presented for purposes of additional analysis as required by OMB Circular A-133, and Chapter 10.550, *Rules of the Auditor General*, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

This report is intended solely for the information and use of the Honorable Mayor, the Members of the City Commission, management of the City, the Auditor General of the State of Florida, federal and state awarding agencies, and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

McGladrey LLP

Miami, Florida

June 7, 2012, except for the Schedule of Expenditures

of Federal Awards and State Financial Assistance which is dated March 30, 2012.

City of Miami Beach, Florida

Schedule of Expenditures of Federal Awards and State Financial Assistance Year Ended September 30, 2011

Federal/State Grantor/Pass-Through Entity Program Title	CFDA/ CSFA Number	Grant/Contract Number	Expenditures
Federal Grants:			
U.S. Department of Housing and Urban Development:			
Direct Programs:			
Community Development Block Grant/ Entitlement Grants	14.218	B-XX-MC-12-0014	\$ 2,126,545
Community Development Block Grant/ Entitlement Grants (NSP3)	14.218	B-11-MN-12-0039	33,775
Home Investment Partnership Program	14.239	M-XX-MC-12-0014	1,394,906
Community Development Block Grants_Section 108 Loan Guarantees	14.248	B-94-MC-12-0014	5,411
ARRA-Community Development Block Grant Recovery ARRA Entitlement Grants (CDBG-R) Recovery Act Funded	14.253	B-09-MY-12-0014	325,486
ARRA-Homeless Prevention and Rapid Rehousing Program	14.257	S09-MY-12-0007	213,735
Pass-through Dept. Community Affairs – Pass through – Miami Dade County:			
Supportive Housing Program	14.235	FL0177B4D000802 & FL0177B4D001003	59,080
Community Development Block Grant-DRI-Villa Maria	14.228	08DB-D3-11-23-01-A01	42,244
Community Development Block Grant-DRI Flamingo Park Neighborhood Improvements	14.228	08-DB-D3-11-23-01-A01	1,441,100
Pass-through Department of Community Affairs:			
Community Development Block Grants-Neighborhood Stabilization Program	14.228	10DB-4X-11-23-01-F16	351,070
Total U.S. Department of Housing and Urban Development			5,993,352
U.S. Department of Justice:			
Direct Program:			
Part E – Developing, Testing and Demonstrating Promising New Programs – Juvenile Justice and Delinquency Prevention – Teen Club	16.541	2008-JL-FX-0481	45,198
Part E – Developing, Testing and Demonstrating Promising New Programs – Juvenile Justice and Delinquency Prevention – Teen Club Salary	16.541	2009-D1-BX-0291	7,721
			52,919
Congressionally Recommended Awards – Teen Club 2010	16.753	2010-DD-BX-0435	159,008
Edward Byrne Memorial Justice Assistance Grant Program – JAG	16.738	2010-DJ-BX-0161	61,500
ARRA – Edward Byrne Memorial Justice Assistance (JAG – CAD/RMS)	16.804	2009-SB-B9-2634	228,067
Federal Equitable Sharing Agreement	16.000	FL0130700	127,736
Community Oriented Policing Services:			
Public Safety Partnership and Community Policing Grants-Child Sexual Predator Program	16.710	2009CSWX0004	178,213
National Institute of Justice:			
National Institute of Justice Research, Evaluation, and Development-Police Homicide Cold Case	16.560	2009-DN-BX-K009	106,074
Bulletproofvest Partnership/Body Armor Safety Initiative			
Bulletproof Vest Partnership Program	16.607	OMB# 1121-0235	15,182
Pass-Through State of Florida/Miami-Dade County:			
Edward Byrne Memorial Justice Assistance Grant Program – Byrne Criminal Justice Records	16.738	N/A	14,707
Total U.S. Department of Justice			943,406

(Continued)

City of Miami Beach, Florida

Schedule of Expenditures of Federal Awards and State Financial Assistance Year Ended September 30, 2011

U.S. Department of Energy:			
Direct Program:			
ARRA-Energy Efficiency and Conservation Block Grant	81.128	DE-SC0003489	\$ 552,742
Total U.S. Department of Energy			552,742
Pass-through State of Florida:			
Office of Attorney General			
Crime Victim Assistance – VOCA	16.575	V09027	58,220
Total Office of Attorney			58,220
U.S. Department of Interior:			
Pass-through State of Florida:			
Department of State, Division of Historical Resources	15.904	F1007	9,200
Total Historic Preservation Grants-In-Aid			9,200
U.S. Department of Transportation:			
Federal Transit Administration			
Direct Program:			
Federal Transit – Capital Investment Grants – Electrowave Shuttle Service	20.500	FL-03-0245	22,049
			22,049
Pass-through State of Florida:			
Florida Department of Transportation			
Highway Planning and Construction-Middle Beach Recreational Corridor Phase 1	20.205	APG78	11,600
Highway Planning and Construction-Middle Beach Recreational Corridor Phase 2	20.205	APT97	125
Highway Planning and Construction-Venetian Causeway	20.205	APG95	350,537
Highway Planning and Construction-West Avenue Bridge	20.205	APJ33	226,375
Highway Planning and Construction-South Beach Neigh. Trail	20.205	APH49	275,211
Highway Planning and Construction-Dade Boulevard Bike	20.205	AP817	39,704
Highway Planning and Construction-Collins Canal Seawall	20.205	AP718	25,100
ARRA-Highway Planning and Construction-Sunset Dr. Bridge	20.205	426501-1 (AP060)	860
ARRA-Highway Planning and Construction-Sunset Dr. Bridge	20.205	426502-1 (AP061)	1,430
ARRA-Highway Planning and Construction-Henedon Ave. Bridge	20.205	426497-1 (AP062)	920
ARRA-Highway Planning and Construction-Dickens Avenue Lap Project	20.205	426629-3 (APS 85)	17,344
ARRA-Highway Planning and Construction-Byron Avenue	20.205	426629-4 (APS 86)	1,500
ARRA-Highway Planning and Construction-Indian Creek Drive	20.205	426500-1 (APO37)	213,248
			1,163,954
Total U.S. Department of Transportation			1,186,003
U.S. Department of Homeland Security:			
Direct Program:			
Emergency Food and Shelter National Board Program – EFS Phase 28	97.024	159400-076	9,299
Emergency Food and Shelter National Board Program – EFS Phase 29	97.024	159400-076	575
Assistance to Firefighters Grant-Fire Grant	97.044	EMW-2009-FO-10767	62,000
Total U.S. Department of Homeland Security			71,874

(Continued)

City of Miami Beach, Florida

Schedule of Expenditures of Federal Awards and State Financial Assistance (Continued) Year Ended September 30, 2011

Federal/State Grantor/Pass-Through Entity Program Title	CFDA/ CSFA Number	Grant/Contract Number	Expenditures
Pass-through State of Florida:			
Florida Department of Community Affairs			
Pass-through Miami Dade County			
Office of Domestic Preparedness			
Homeland Security Grant Program – Urban Areas			
Security Initiative 2007	97.067	09DS-24-11-23-02-011	\$ 69,813
Homeland Security Grant Program – Urban Areas			
Security Initiative 2008	97.067	10DS-48-11-23-02-195	118,351
			<u>188,164</u>
Pass-through State of Florida:			
Florida Department of Community Affairs			
Disaster Grants-Public Assistance-FEMA-Disaster Relief Funding Agreement	97.036	06-WL-&K-11-23-02-567&	52,252
Hazard Mitigation Grant	97.039	08HM-6G-11-23-02-060	452,636
Emergency Preparedness Demonstration Program (EOC Grant)	97.001	11DS-37-11-23-02-198	188,208
Total State-Pass-Florida Dept. of Community Affairs			<u>693,096</u>
National Endowment for the Arts:			
Direct Program:			
Promotion of the Arts Grants to Organization and Individuals	45.024	11-6200-7031	39,612
Total National Endowment for the Arts			<u>39,612</u>
Total Expenditures of Federal Awards			<u>9,735,669</u>
State Grants:			
Florida Department of Health:			
Pass-Through Miami-Dade County:			
Emergency Prev/Prep/Response-EMS County Grants	64.005	C-9013	2,472
Florida Department of State:			
Division of Historical Resources:			
Historic Preservation Grant-Fire Station No 2	45.031	SC114	147,029
Division of Cultural Affairs:			
Cultural and Museum Grants/Culture Builds Florida	45.062	12.5.0004	19,150
Florida Department of Environmental Protection:			
Florida Recreation Development Assistance Program-Flamingo Park Tennis Renov.	37.017	A08187	68,353
Florida Housing Finance Corporation:			
State Housing Initiatives Partnership Program	52.901	NA	461,976
Florida Department of Transportation			
State Highway Project Reimbursement-Indian Creek SR A1A 41st-26th Street	55.023	AOY 48	490,387
Total Expenditures of State Financial Assistance			<u>1,189,367</u>
Total Expenditures of Federal Awards and State Financial Assistance			<u>\$ 10,925,036</u>

N/A – Not Available

See Notes to Schedule of Expenditures of Federal Awards and State Financial Assistance.

**Notes to the Schedule of Expenditures of
Federal Awards and State Financial Assistance**

1. General

The accompanying Schedule of Expenditures of Federal Awards and State Financial Assistance (the "Schedule") presents the expenditure activity of all federal awards and state projects of the City of Miami Beach, Florida (the "City") for the year ended September 30, 2011. The City's reporting entity is defined in Note 1 of the City's basic financial statements. All federal awards and state financial assistance received directly from federal and state agencies, as well as amounts passed through other government agencies are included in the accompanying Schedule of Expenditures of Federal Awards and State Financial Assistance. Because the schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position or changes in net assets of the City.

2. Basis of Accounting

The accompanying Schedule of Expenditures of Federal Awards and State Financial Assistance is presented using the modified accrual basis of accounting for grants which are accounted for in the governmental fund types and on the accrual basis of accounting for grants which are accounted for in the proprietary fund types. The information in the Schedule of Expenditures of Federal Awards and State Financial Assistance is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and Chapter 10.550, *Rules of the Auditor General*. Therefore, some amounts presented in this schedule may differ from amounts presented in or used in the preparation of the basic financial statements.

3. Sub-recipient Awards

Of the federal awards and state financial assistance presented in the Schedule of Expenditures of Federal Awards and State Financial Assistance, the City provided the following amounts to sub-recipients:

Name of Program/Projects	CFDA/CSFA Number	Amount Provided to Subrecipient
Federal:		
Community Development Block Grant	14.218	\$ 1,527,216
Community Development Block Grant – DRI	14.228	42,244
Community Development Block Grant – Neighborhood Stabilization Grant	14.228	242,194
Home Program	14.239	1,289,904
Total Federal		\$ 3,101,558
State:		
State Housing Initiatives Partnership Program	52.901	\$ 435,547

City of Miami Beach, Florida

Schedule of Findings and Questioned Costs
Federal Awards Programs and State Projects

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

Material weakness(es) identified? Yes X No

Significant deficiency(ies) identified that are not considered to be material weakness(es)? Yes X No

Noncompliance material to financial statements noted? Yes X No

Federal Awards

Internal control over major program:

Material weakness(es) identified? Yes X No

Significant deficiency(ies) identified that are not considered to be material weakness(es)? X Yes None reported

Type of auditor's report issued on compliance for major programs:

Unqualified

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133? X Yes No

Identification of major program:

Federal CFDA No.

14.218 and 14.253

14.228

16.738 and 16.804

20.205

81.128

97.039

Name of Federal Program or Cluster

U.S. Department of Housing and Urban Development:

ARRA - Community Development Block Grant

U.S. Department of Housing and Urban Development:

Community Development Block Grants-Neighborhood Stabilization Program

U.S. Department of Justice:

ARRA- Edward Byrne Memorial Justice Assistance

U.S. Department of Transportation:

ARRA-Highway Planning and Construction

U.S. Department of Energy:

ARRA-Energy Efficiency and Conservation Block Grant Program

Pass-through State of Florida Department of Community Affairs:

Hazard Mitigation Grant

Dollar threshold used to distinguish between type A and type B programs:

\$300,000

Auditee qualified as low-risk auditee? X Yes No

Schedule of Findings and Questioned Costs (Continued)
Federal Awards Programs and State Projects

State Financial Assistance

Internal control over major projects:

Material weakness(es) identified?	<u> </u> Yes	<u> </u> X	<u> </u> No
Significant deficiency(ies) identified that are not considered to be material weakness(es)?	<u> </u> Yes	<u> </u> X	<u> </u> None reported

Type of auditor's report issued on compliance for
major projects:

Unqualified

Any audit findings disclosed that are required
to be reported in accordance with Chapter 10.550,
Rules of the Auditor General?

<u> </u> Yes	<u> </u> X	<u> </u> No
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Identification of major projects:

State CSFA No.

52.901

55.023

Name of State Projects

Florida Housing Finance Corporation:
State Housing Initiatives Partnership Program

Florida Department of Transportation:
State Highway Project Reimbursement –
Indian Creek SR A1A 41st-26th Street

Dollar threshold used to distinguish between type
A and type B programs:

\$300,000

Schedule of Findings and Questioned Costs (Continued)
Federal Awards Programs and State Projects

Section II – Financial Statement Findings

- A. *Internal Control*
None reported.
- B. *Compliance*
None reported

Section III – Federal Awards and State Financial Assistance Findings and Questioned Costs

- A. *Internal Control over Compliance*

Federal Awards

IC 2011-01 Allowable Costs

U.S. Department of Housing and Urban Development (HUD) –
Community Development Block Grant “CDBG” (CFDA No. 14.218 & 14.253)

Criteria: OMB Circular A-87 requires that in situations where employees work on multiple grants, their salary distribution must be supported by personnel activity reports or similar documents delineating the hours worked on each grant and other activities. In addition, the personnel activity reports should be prepared at least monthly and must include the employee's signature. In situations where all of an individual's salary is charged to a federal program, certifications should be prepared at least bi-annually to support the amounts charged to the federal program. In addition, 2 CFR part 215 requires that non-federal entities receiving federal awards to establish and maintain internal control designed to reasonably ensure compliance with federal laws, regulations, and program compliance requirements.

Condition: We noted that there were no procedures in place over payroll to monitor and ensure that personnel activity reports delineating the hours worked by employees on each grant or certifications for those employees that work solely on one grant, are completed. We noted individuals whose salaries were charged to the federal program did not have certifications completed. In addition, we noted that there were no personnel activity reports or similar documents delineating the hours worked on each grant and other activities for employees that worked on multiple grants.

Questioned costs: \$25,868

Context: For all 33 salaries and wage selections selected for testing we noted the City did not complete the required certifications for employees working solely on one Federal program. For those employees working on multiple grants, we noted the City did not have authorized personnel activity reports delineating the hours worked on each grant.

Effect: Failure to maintain complete certifications could result in disallowance by the grantor of payroll expenditures. Without adequate internal controls over program costs, management faces the risk of submitting reimbursement requests for unallowable costs.

Schedule of Findings and Questioned Costs (Continued)
Federal Awards Programs and State Projects

Cause: The City does not have a formal process in place to ensure that all individuals whose salaries are charged to federal programs are included in the certifications. Further, there does not appear to be effective internal controls over payroll to ensure compliance with Federal requirements.

Recommendation: We recommend that the City establish a formal policy and procedure relating to the payroll certification process. The policy should include notifying division heads of the process and ensuring that they are aware of the provisions, which includes the following: (1) If only a portion of the individual's salary is charged to the program, an after-the-fact payroll distribution should be maintained. (2) If all of the employee's salary is charged to the program, the required certification should be prepared at least semi-annually.

Views of responsible officials and planned corrective action: The City has recently established a Policy and Procedure for the payroll certification process which states:

1. Charge for salaries and wages for employees expected to work solely on a single Federal award or cost objective will be supported by payroll certifications. Certifications will cover the period worked solely on the program by the employee and prepared at least semi-annually.
2. Employees working on multiple activities or cost objectives, a distribution of their salary and wages will be supported by payroll timesheets which include the following:
 - Multiple activities portion/percentage of the employee salary charged to the programs
 - Sole activity 100% of the employee's salary charged to the program, and if so a certification sheet will be filed semi annually
 - Training, vacation and sick days accounted for the employee

IC 2011-02 – Sub-recipient Monitoring

U.S. Department of Housing and Urban Development
Community Development Block Grants-Neighborhood Stabilization Program (NSP) (CFDA No. 14.228)

Criteria: Per review of the sub-recipient grant agreement, it was noted that monthly reports are to be submitted by the subrecipient to the City, by the 10th of the following month. The City must ensure that internal control policies are adhered to on a timely basis by the sub-recipient.

Condition: Monthly reports were not submitted in a timely manner by the sub-recipient to the City.

Questioned costs: Undeterminable.

Context: In fiscal year 2011, the City received the November 2010, December 2010 and January 2011 reports late from the sub-recipient.

Effect: Sub-recipients may not be administering the activities funded by the program in accordance with the provisions of the program requirements and grant agreements.

Cause: The City did not track the timely submission of the sub-recipient reporting requirements to ensure contract compliance requirements are being adhered to by the sub-recipient.

Schedule of Findings and Questioned Costs (Continued)
Federal Awards Programs and State Projects

Recommendation: We recommend the City track the timely submission of the reports from the sub-recipient and ensure that all policies and procedures implemented by the City are adhered to by the sub-recipient.

Views of responsible officials and planned corrective action: A Policy and Procedure for Monitoring of Sub-recipients was created in April 2010, along with an Outlook calendar for program monitors. While the original NSP sub-recipient grant agreement between the City and MBCDC included a monthly reporting provision, monthly sub-recipient reports are neither required by the HUD NSP rules nor by the State of Florida rules. Therefore, the monthly reporting provision was amended to quarterly reports by Amendment No. 5 to the sub-recipient agreement, executed on August 22, 2011.

State Awards

None reported

B. Compliance Findings

Federal Awards

CF 2011-01 Allowable Costs

**U.S. Department of Housing and Urban Development (HUD) –
Community Development Block Grant “CDBG” (CFDA No. 14.218 & 14.253)**

See IC 2011-01

Views of responsible officials and planned corrective actions: See IC 2011-01 for detailed views of responsible officials and planned corrective action.

Schedule of Findings and Questioned Costs (Continued)
Federal Awards Programs and State Projects

CF 2011-02 Procurement

U.S. Department of Housing and Urban Development (HUD) –
Community Development Block Grant “CDBG” (CFDA No. 14.218 & 14.253)

Criteria: As stated in the terms and conditions of the American Recovery and Reinvestment Act of 2009 (ARRA) award agreement, all ARRA funding Recipients are required to comply with the Buy American provisions of ARRA (Section 1605 of Title XVI). The Buy American provisions of ARRA require that all iron, steel and manufactured goods used in projects funded by ARRA for the construction, alteration, maintenance or repair of a public building or public work must be produced in the United States unless one of three listed exceptions applies – non-availability, unreasonable cost, or inconsistent with the public interest – and a waiver is granted by the United States Department of Energy (DOE). The Buy American provisions of ARRA are implemented by guidance issued by the Office of Management and Budget (OMB) found at 2 Code of Federal Regulations, Part 176, Subpart B.

Condition: We observed that the City did not comply with the provisions of the American Recovery and Reinvestment Act of 2009 (ARRA) to include language within the contract between their sub-recipient, who received ARRA funding under the Community Development Block Grant (14.253) to state that they must comply with the Buy American provisions of ARRA (Section 1605 of Title XVI).

Questioned costs: Undeterminable.

Context: The City's contract with one sub-recipient did not have a disclosure indicating that the funding Recipient is required to comply with the Buy American provisions of ARRA (Section 1605 of Title XVI).

Effect: City's non compliance with grant requirements may result in repayment of award monies.

Cause: The City has not developed a procedure to ensure compliance requirements are being adhered to.

Recommendation: We recommend the City establish a formal policy and procedure to perform a review of contracts with sub-recipients containing ARRA grant monies to ensure that all provisions, including the Buy American provisions of ARRA (Section 1605 of Title XVI) disclosure be included in the agreement. Such procedure could be created in the form of a checklist that is completed and reviewed prior to the execution of the subrecipient's contract.

Views of responsible officials and planned corrective action: The City will establish a formal Policy and Procedure to perform a review of contracts with sub-recipients containing ARRA grant monies to ensure that all provisions, including the Buy America provisions of ARRA (Section 1605 of Title XVI) disclosure be included in the agreement.

Schedule of Findings and Questioned Costs (Continued)
Federal Awards Programs and State Projects

CF 2011-03 – Reporting

**U.S. Department of Transportation
ARRA Highway Planning and Construction (CFDA No. 20.205)**

Criteria: Pursuant to the reporting requirements for the American Recovery and Investment Act 2009 (ARRA): “Contractors and consultants must report their required monthly employment data for employees, hours, and payroll wages, as well as for their subcontractors/subconsultants.” The said employment data must be entered into Florida Department of Transportation (FDOT)’s ARRA Employment Reporting system by the 10th of each month for the prior month.

Condition: We noted that the monthly reports for March 2011 and May 2011 were not submitted timely for one project.

Questioned costs: Undeterminable.

Context: Out of the three monthly reports selected for testing, we noted that the reports due April 10, 2011 and June 10, 2011 were not submitted timely.

Cause: Although the City has procedure in place to ensure reporting requirements under ARRA Section 1512 are being adhered to, there was a misunderstanding on whether monthly employment data was required to be filed in the event there was no construction activity for the period.

Recommendation: We recommend that grant personnel responsible for ARRA report submission become fully knowledgeable of the reporting and submission requirements.

Views of responsible officials and planned corrective action: The City has procedure in place to ensure all required reports are filed in a timely manner. The procedure was not followed due to some misunderstanding on whether filing was necessary if there was no construction activity during that period. Additionally, the ARRA reporting for these projects and the Notice to Proceed (NTP) were not finalized by FDOT until June 9, 2011. Subsequent to this audit, the City has taken steps to ensure monthly employment data are filed with FDOT even if there was no construction activity for the period and all subsequent reports were filed in a timely manner.

City of Miami Beach, Florida

Schedule of Prior Year Audit Findings Federal Awards Programs and State Projects

Finding #	Finding Title	Status	Explanation
Findings related to financial statements:			
IC 2010-01	Subrecipient Monitoring (CFDA No.14.218 and 14.228)		
	Monthly and/or quarterly reports were not prepared and/or submitted in a timely manner by the subrecipients to the City.	Corrected	The City corrected the specific finding in fiscal year 2011.
IC 2010-02 and CF 2010-01	Reporting (CFDA No.14.218)		
	There were no procedures in place to monitor and ensure compliance with the reporting requirements of the CDBG Program. As a result, the required report for one quarter was submitted late by the City to the Department of Housing and Urban Development.	Corrected	The City corrected the specific finding in fiscal year 2011.
IC 2010-03	Procurement, Suspension & Debarment (CFDA No.14.218)		
	The City did not have a system in place to verify whether vendors under contract were suspended or debarred.	Corrected	The City corrected the specific finding in fiscal year 2011.
IC 2010-04 and CF 2010-02	Davis Bacon Act (CFDA No.14.218)		
	Wages for three work classifications were noted to be under the Miami-Dade County minimum requirement.	Corrected	The City corrected the specific finding in fiscal year 2011.
IC 2010-05	Subrecipient Monitoring (CSFA No.52.901)		
	There were no procedures in place to monitor and ensure compliance with the subrecipient requirements of the SHIP Program. As a result, monthly reports were not prepared and or submitted in a timely manner by the subrecipient, Miami Beach Community Development Center, to the City as required by the subrecipient's agreements.	Corrected	The City corrected the specific finding in fiscal year 2011.

City of Miami Beach, Florida

Schedule of Prior Year Audit Findings
Federal Awards Programs and State Projects (Continued)

IC 2010-06 Reporting (CSFA No.52.901)
and CF 2010-
03

There was no procedure in place to monitor and ensure compliance with the reporting requirements of the SHIP Program. As a result, the required report was submitted two days late by the City to FHFC.

Corrected

The City corrected the specific finding in fiscal year 2011.

CF 2009-01 Subrecipient Monitoring(CFDA No.14.218)

Monthly reports were not prepared and/or submitted in a timely manner by the subrecipients to the City as required by the subrecipient agreements. In addition, no evidence of monitoring visits were found in several subrecipient's files.

Corrected

The City corrected the specific finding in fiscal year 2011.